



Date: April 27, 2022
To: Mayor and City Commissioners
Via: Greg Harrison, City Manager
From: Allison Feurtado, Acting Finance Director
Subject: Presentation of Annual Comprehensive Financial Report
Single Audit Report and Management Letter for the Fiscal Year Ended
September 30, 2021

I would like to take this opportunity to provide you with the Annual Comprehensive Financial Report (ACFR), Single audit Reports and Management Letter for the City of Pompano Beach (the City) for the fiscal year ended September 30, 2021 for your reference. The City's external auditors are required to formally communicate the results of their audit to you as required by generally accepted auditing standards and will be doing so at the May 10, 2022 City Commission meeting.

The ACFR, prepared by the City's Finance Department, is presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by an independent firm of certified public accountants, Keefe McCullough, as mandated by Florida Statutes, Chapter 218.39, *Annual Financial Audit Reports*. The audit was conducted in accordance with the rules of the Auditor General of the State of Florida, promulgated pursuant to Florida Statute, Chapter 11.45. The independent auditor plans on issuing an **unmodified opinion** that the ACFR fairly presents the financial position and results of operations of the City and complies with applicable reporting standards. This is the highest level of audit opinion (clean opinion) that may be granted by an audit firm. This also represents the tenth consecutive year that the City had no financial statement findings or federal/state grant awards findings.

For the ACFR, I would suggest you reference the Letter of Transmittal on pages v-xiv which provides an overview of the City and various financial policies. The Management Discussion and Analysis section, on pages 4-22, which provides a snapshot of the operations of the City for the fiscal year. Of other importance to you might be the General Fund financials on pages 27, 30, and 130. The General Fund is the main operating fund of the City.

Please note, the report name change to Annual Comprehensive Financial Report (ACFR) instead of Comprehensive Annual Financial Report (CAFR), which has been previously used by the City and many other state and local governmental agencies, is due to a new Standard set by the GASB Statement No. 98. The Statement establishes the term Annual Comprehensive Financial Report and its acronym ACFR. The new term and acronym replace instances of Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for the state and local government. This Statement was

developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for Comprehensive Annual Financial Report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is committed to promoting inclusiveness, and the City has implemented the new term in the fiscal year 2021.

Compliance Reports

1. Management Letter

The auditor is also required to issue a Management Letter, in accordance with Florida Statute, Chapter 10.550, *Rules of the Florida Auditor General*. Among other things, the management letter is supposed to identify any deficiencies or material weaknesses in the City's financial reporting framework which may impact the fair representation of the City's financial position or results of operation, or report any recommendations for improvements (in accordance with best practices), as well as noncompliance with contracts, grants etc. As the attached Management Letter indicates, the City did not have any findings for the fiscal year ended September 30, 2021. In addition, the Auditor General does require that the auditor perform such procedures necessary to assess the financial condition of the City and indicate in the Management Letter if there may be any indications of deteriorating financial condition. The Management Letter for the fiscal year ended September 30, 2021 indicates that the financial condition assessment procedures performed by the auditor did not indicate that the City met any of the conditions described in Section 218.503(1) Florida Statutes, which might indicate that the City is in state of deteriorating financial condition.

2. Single Audit Reports

As a recipient of federal and state grant funds, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. In this respect, the City is required to undergo an annual single audit performed under the provisions of auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Audit Requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General, State of Florida*. Information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in the attached "Compliance Reports."

Please join me in thanking Suzette Sibble, Assistant City Manager, and the entire Finance Department staff for making this ACFR the tenth consecutive year that the City had no financial statement findings.

Please feel free to contact me if you have any questions or concerns regarding our Annual Comprehensive Financial Report.